

Gray Section -- 2 Step

Section 3. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) all agricultural implements and equipment that are not exempt under 15-6-207 or 15-6-220;

(b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-219, and supplies except those included in class five under 15-6-135;

(c) for oil and gas production, all:

(i) machinery;

(ii) fixtures;

(iii) equipment, including flow lines and gathering lines, pumping units, oil field storage tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas metering shacks, treaters, gas separators, water flood units, and gas boosters, together with equipment that is skidable, portable, or movable;

(iv) tools that are not exempt under 15-6-219; and

(v) supplies except those included in class five;

(d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools and personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk processors as provided in 15-6-220, and supplies except those included in class five;

(e) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class or that are rented under a purchase incentive rental program as defined in 15-6-202(4);

(f) special mobile equipment as defined in 61-1-101;

(g) furniture, fixtures, and equipment, except that

specifically included in another class, used in commercial establishments as defined in this section;

- (h) x-ray and medical and dental equipment;
- (i) citizens' band radios and mobile telephones;
- (j) radio and television broadcasting and transmitting equipment;
- (k) cable television systems;
- (l) coal and ore haulers;
- (m) theater projectors and sound equipment; and
- (n) all other property that is not included in any other class in this part, except that property that is subject to a fee in lieu of a property tax.

(2) As used in this section, the following definitions apply:

(a) "Coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

(b) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or service, wholesale, retail, or food-handling business.

(c) "Flow lines and gathering lines" means pipelines used to transport all or part of the oil or gas production from an oil or gas well to an interconnection with a common carrier pipeline as defined in 69-13-101, a pipeline carrier as defined in 49 U.S.C. 15102(2), or a rate-regulated natural gas transmission or oil transmission pipeline regulated by the public service commission or the federal energy regulatory commission.

(3) Except as provided in 15-24-1402, and 15-24-2101, and subsection (4) of this section class eight property is taxed at:

(a) AS DETERMINED PURSUANT TO SUBSECTION (4):

(I) for the first \$2 million of taxable market value, 2%;

(II) FOR THE FIRST \$3 MILLION OF TAXABLE MARKET VALUE, 1.5%;
; and

(b) for all taxable market value in excess of \$2 million,
THE APPLICABLE AMOUNT OF TAXABLE MARKET VALUE IN SUBSECTION
(3) (A), 3% of its market value.

(4) (a) If THE ADJUSTED TAXABLE MARKET VALUE AND RATE IN
SUBSECTION (3) (A) (I) APPLY FOR CLASS EIGHT PROPERTY UNLESS in any
year beginning with fiscal year 2011 2012 the percentage growth
in revenue collected from individual income tax and corporation
income tax exceeds the current law estimated revenues for those
taxes in the revenue estimating resolution under 5-5-227(2) for
the same REVENUE COLLECTED FROM INDIVIDUAL INCOME TAX AND
CORPORATION INCOME TAX IN THE PREVIOUS fiscal year by more than
0.75% 4%. IN THAT CASE, then for tax years beginning after the
next December 31:

— (i) the tax rate for the first \$2 million in taxable class
eight property is reduced by 0.5%, and

— (ii) (A) if the tax rate decreases to 1%, the \$2 million
bracket is increased to \$3 million; and

— (B) if the tax rate decreases to 0%, the \$2 million bracket
is increased to \$4 million, THE TAXABLE MARKET VALUE AND RATE IN
SUBSECTION (3) (A) (II) APPLY.

(b) For the purpose of making the determination required in
subsection (4) (a), the department of administration shall certify
to the secretary of state, by August 1 of each year in which the
tax rate for the first \$2 million in taxable class eight property
exceeds 0% CLASS EIGHT PROPERTY IS NOT TAXED PURSUANT TO
SUBSECTION (3) (A) (II), the amount of unaudited individual income
tax and corporation income tax revenue in the prior fiscal year
as recorded when that fiscal year statewide accounting,
budgeting, and human resource system records are closed in July.

(4)(5) The class eight property of a person or business

entity that owns an aggregate of \$20,000 or less in market value of class eight property is exempt from taxation.

~~(5)~~(6) The gas gathering facilities of a stand-alone gas gathering company providing gas gathering services to third parties on a contractual basis, owning more than 500 miles of gas gathering lines in Montana, and centrally assessed in tax years prior to 2009 must be treated as a natural gas transmission pipeline subject to central assessment under 15-23-101. For purposes of this subsection, the gas gathering line ownership of all affiliated companies, as defined in section 1504(a) of the Internal Revenue Code, 26 U.S.C. 1504(a), must be aggregated for purposes of determining the 500-mile threshold."